



The President's Daily Brief

May 27, 1976

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~~*Top Secret*~~ 25X1

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May 27, 1976

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CHINA: *At present Chinese military procurement in dollars is less than one third that of the US, and about one sixth of the estimated dollar cost of Soviet procurement.*

Procurement as used here is a measure of what it would cost to reproduce Chinese military equipment in the US.

The estimated annual dollar costs of Chinese military procurement have fluctuated sharply over the past 10 years. The changing political situation has been partly responsible. During 1967--the first full year of the Cultural Revolution--military equipment procurement declined by about 25 percent to \$2.2 billion.

When the Cultural Revolution ended and Sino-Soviet tensions heightened, military procurement rose rapidly to a level of almost \$5.5 billion in 1971.

In 1972, military procurement again declined, to about \$3.2 billion, where it remained until it rose again to about \$3.6 billion last year.

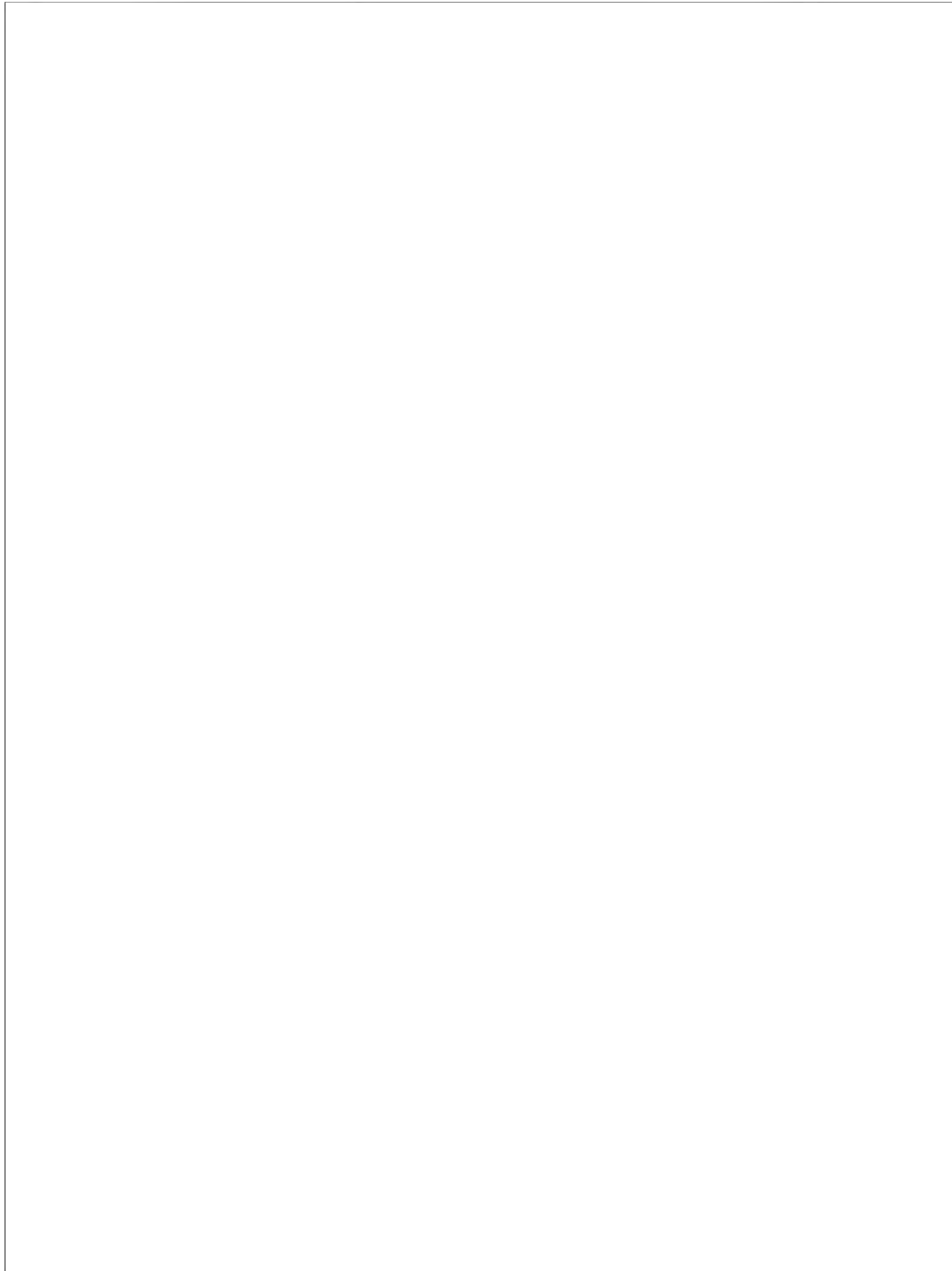
The major factor in both the magnitude and the pattern of the estimated dollar costs has been the variation in China's aircraft production.

China's past history of sudden bursts and reductions in defense production makes it difficult to judge whether the upturn in 1975 is a temporary phenomenon or the beginning of a long-term trend. Over the next several years, as the Chinese begin to replace obsolescent equipment with more modern systems, procurement costs can be expected to grow somewhat even if production in terms of numbers of units does not increase.

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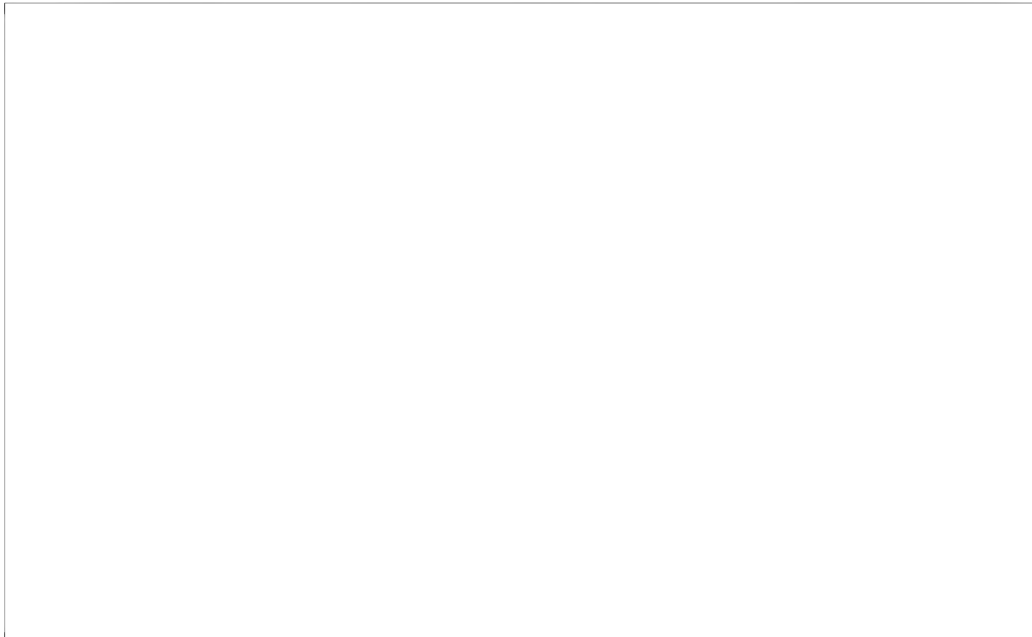
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USSR-SYRIA: *Moscow's continued efforts to obtain increased access to Syrian port facilities may be running into trouble.*

[Redacted] a Soviet naval delegation visited Syria early this month seeking privileges in the Syrian port of Latakia similar to those the Soviets had in Alexandria, Egypt.

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[Redacted]

Moscow may be seeking approval from Damascus to station Soviet support vessels in Syrian ports permanently, as well as to gain access to shore facilities and to establish storage depots. Without major long-term port improvements, the construction of major repair and overhaul yards, and training of Syrian personnel, the

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crowded Syrian ports could not provide facilities similar to those Soviet submarines enjoyed in Alexandria.

It seems highly unlikely that Syria would permit Moscow the type of unrestricted access it had in Egypt. The USSR, however, is Syria's primary source of military equipment, and it may try to use Damascus' current financial difficulties to extract concessions. Damascus will find it difficult to resist Soviet requests, at least for regular access to Syrian ports by more Soviet naval ships and establishment of limited shore support facilities for the ships.

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NOTES

The Soviets' new, short-range, tactical surface-to-surface missile, the SS-X-21, was seen with an operational unit for the first time in mid-April.

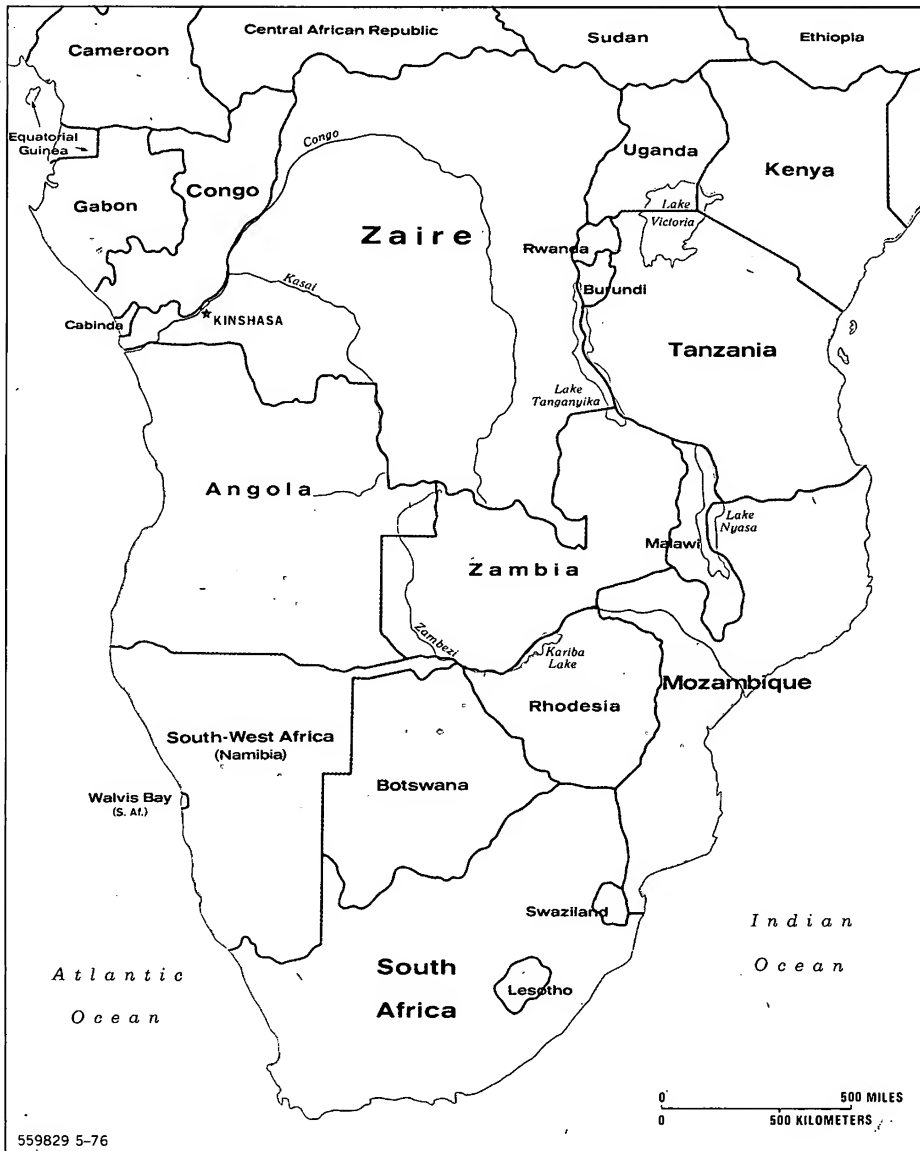
The characteristics of the new missile system and its appearance in a FROG battalion area suggest that it will replace the FROG--now the most widely deployed Soviet tactical surface-to-surface missile. The SS-X-21 appears to have a greater range (possibly up to 120 kilometers, or 75 miles), better accuracy, and improved mobility.

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Tanzania and Zambia, which are opposed to Soviet and other outside direct involvement with the Rhodesian guerrillas, also appear uneasy in their bilateral relationship with the USSR.

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